

Raw Material Costs Increased 5.8% YOY in 2Q25

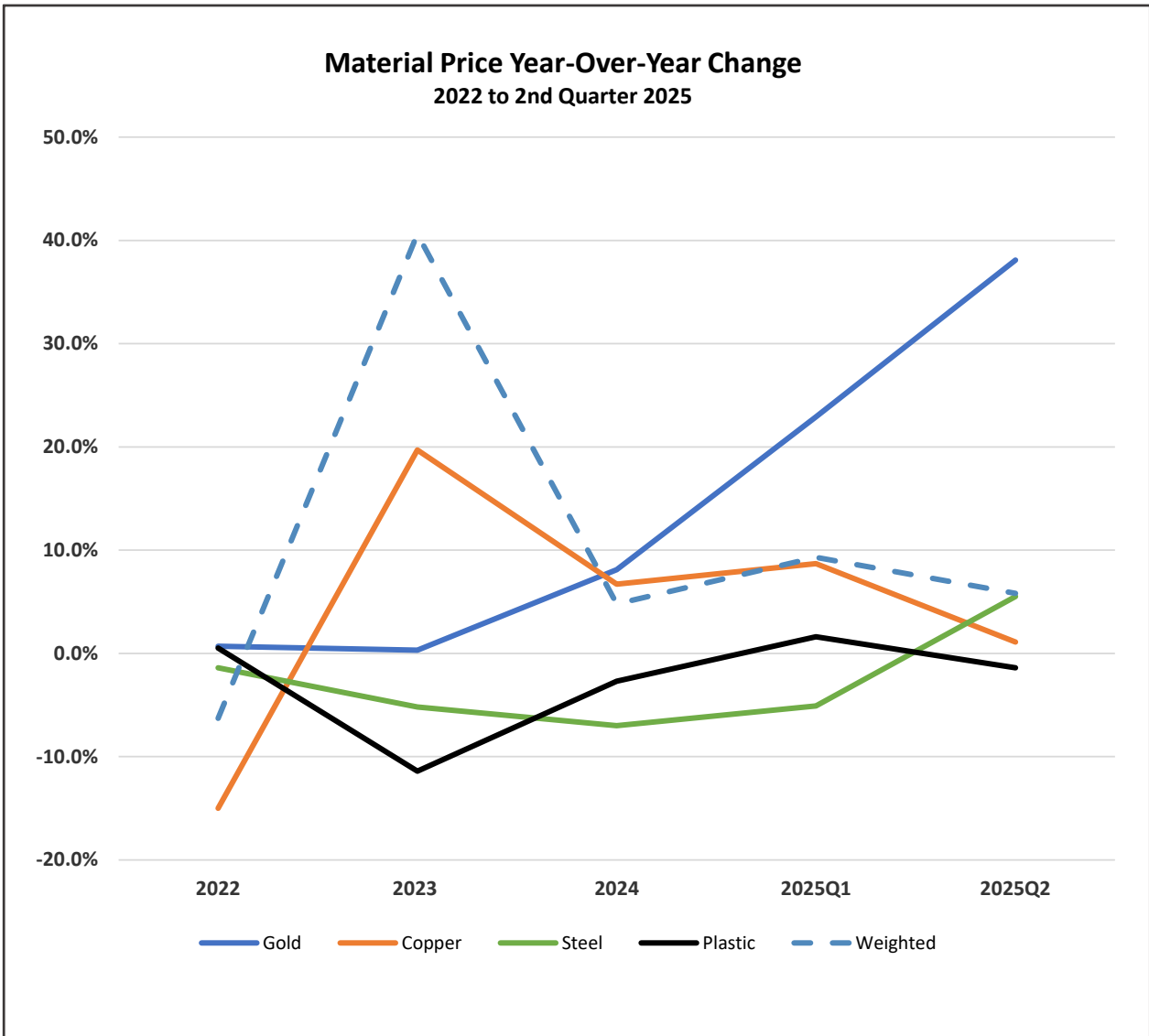
The price of virtually everything, from energy to food, building supplies, white goods, vehicles, and electronics have been affected by inflation or the potential of hefty tariffs, in the first two quarters of 2025. The exception to this is the slight decline in crude oil prices in the first two quarters of 2025, driven primarily by slower growth in demand and increased production from non-OPEC countries. This is important because crude oil is the primary source used for producing thermoplastics, which along with gold, copper/brass, and steel account for roughly 75% of the raw material costs of connectors.

The following table shows the year-over-year change in 2Q25 for each material. Gold, which took a monumental leap in price during the second half of 2024, continued to climb from a +38.1% increase in the first quarter of 2025 to a +40.4% increase in the second quarter. This means that in the last year, gold has climbed from a year-over-year increase of +18.2% in the second quarter of 2024, to +28.4% in the third quarter, to a +34.6% increase in the fourth quarter, to a +38.1% increase in the first quarter of 2025, to a staggering +40.4% year-over-year increase in the second quarter of 2025. Although all other materials except thermoplastics, where pricing year-over-year pricing declined -1.4%, also showed a year-over-year increase, the increase in gold is by far the largest influence in year-over-year pricing of raw materials used in the manufacturing of connectors.

Change in Material Cost 2Q2025 Year-Over-Year

Material	2Q25 YOY	Usage Weight	2Q25 Weighted
Gold	40.4%	13.3%	5.4%
Copper/Brass	1.1%	46.7%	0.5%
Steel	5.5%	6.7%	0.4%
Thermoplastics	-1.4%	33.3%	-0.5%
Total Change	11.4%	100.0%	5.8%

The following chart shows the YOY change in the cost of these materials over the last three years and the first two quarters of 2025.



On a sequential or quarter-over-quarter (QOQ) basis, material costs increased +4.5% when comparing 1Q2025 with 2Q2025. The weighted total cost for connectors on a sequential basis increased +1.9% in the second quarter of 2025.

Change in Material Cost Quarter-Over-Quarter

Material	2Q25 QOQ	2Q25 Weighted
Gold	14.7%	2.0%
Copper/Brass	0.9%	0.4%
Steel	4.8%	0.3%
Thermoplastics	-2.5%	-0.8%
Total Change	4.5%	1.9%

If we examine 2Q2025 from a year-to-date perspective, as the chart below shows, total raw materials increased +10.1% year-to-date, with the greatest increase, as would be expected, seen in gold, where prices increased a strong +35.7%. This strong increase, coupled with the slight increase of +4.7%, in copper/brass, was the only driving force behind any year-to-date increase in material costs in the second quarter of 2025. From a weighted perspective, 2Q2025 prices increased +7.0% with gold exhibiting a weight increase of +4.8% and copper/brass a weighted increase of +2.2%.

**Change in Material Costs
Year-to-Date
2Q2025**

Material	2Q25 YTD	Usage Weight	2Q25 Weighted
Gold	35.7%	13.3%	4.8%
Copper/Brass	4.7%	46.7%	2.2%
Steel	0.0%	6.7%	0.0%
Thermoplastics	0.1%	33.3%	0.0%
Total Change	10.1%	100.0%	7.0%

Bishop Comments

Bishop continues to maintain that with the status of tariffs still unsettled, it is very difficult to determine how much raw materials will increase or decrease in 2025. Bishop also continues to uphold that because historically the price of gold rarely decreases, the price of gold will play a major factor in overall connector prices, driving connector manufacturers to develop alternative materials to replace gold in specific applications, reducing the industries reliance on the precious metal.

Based on the information we have today, Bishop continues to believe 2025 raw material prices will increase modestly, probably in the 5% to 8% range. It is important to note that this modest price increase does not consider any raw material pricing instabilities that may occur due to the implementation of tariffs or other government regulations.